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## BOOK REVIEWS

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ANALYSIS OF THE ELECTRIC RAILWAY PROBLEM, by Delos F. Wilcox. New York. Published by the author, 1921. Pp. xx, 789.

The plight of the public utilities following the World War has been shouted in a babel of demands for increased rates from one and all. The public has turned a doubting or hostile ear to these demands, and the utilities have overwhelmed the utility commissions with a vast mass of evidence to prove their case. None seem to have been harder hit than the electric railways. Some have ceased to operate, automobiles have already made deep cuts in their revenues, and there are not wanting those who predict that the electric railways, operating on fixed tracks, are already out of date and on the way to the scrap heap. One of many results of this situation was the appointment by the President in 1919, on recommendation of the Secretaries of Commerce and Labor, of a Federal Commission to study and report upon the electric railway problem. This Federal Electric Railways Commission took an enormous mass of testimony submitted for the American Electric Railways Association by able counsel acting under a special committee of one hundred. The Amalgamated Association of Street and Electric Railway Employees put in an elaborate and carefully prepared case for organized labor. The third party interested, the public, is represented by an unorganized presentation gathered from commissioners, municipal officers, and some utility experts. The Federal Commission engaged Dr. Wilcox, who had been one of the expert witnesses, to analyze the evidence and submit the result, with suggestions. This analysis constitutes the greater part of the book under review.

But the book is much more than an analysis of evidence. The report of the President of the Commission says "it represents a complete and masterful study of the whole electric railway problem," and a careful study of the book goes far to justify the characterization. It is too much to call it complete, and yet relatively it is so, for no other published study of this particular problem is so full as this. A glance at the headings of the fifty-four chapters shows how broad and also how detailed is the study, and a careful reading of the chapters does not disappoint the hope excited by the table of contents. Whitten, in his "Valuation of Public Service Corporations," performed a valuable service in bringing together and into comparison the important decisions of decided cases involving valuation and rate problems. In a similar way, Dr. Wilcox has brought together, in parallel columns, as it were, the widely divergent views of the witnesses, illuminated by short summaries or discussions of his own. This makes of the book a very valuable repository of information and argument for all interested in the subjects discussed.

Particularly valuable in this respect are such chapters as 38, The Valuation; 39, Rate of Return; and 40, State Regulation. All agree that valuation is the rock of stumbling in all efforts at readjustment of the relations

between the public and the utility, because rates are based directly on valuation. Scarcely any two agree on the theory to apply or the items to include in making a valuation. In this book all theories are urged, from that of the expert advocate of cost of reproduction new based on the abnormal prices of today, not forgetting to boost overheads and intangibles to make sure nothing has been passed over that might swell the valuation on which to base rates, to the unexpected utility man who flatly states his belief in a valuation based on the money honestly invested in the property. Cf. *Public Utility Valuation*, 15 MICHIGAN LAW REVIEW, 205. The author believes those following the leadership of the former are "riding for a fall," and that any valuations based on prices of these abnormal times will cause a "back-fire" disastrous to the utilities. The representative of another public utility urged the hazard of shifting valuations, and urged a stable valuation such that "investors may be assured when capital is put into property it will be considered at the par value of the original investment."

Much is said in the testimony about the shrinking dollar, some suggesting a doubling of valuation as an offset, some an increase in rate of earnings, and some both, not noticing the overlapping of the remedies. The true measure of return, it would seem, is to be found in a study of changes in interest rates and in earnings in other business of like kind. It is not clearly brought out that these abnormal price levels have moved interest rates upward very slightly. Former loan rates of 6 per cent have advanced to 6½ or 7 per cent, in some cases to 8 per cent, but there has been no doubling of rates. The rate for bonds has increased a little more, but here there has been no such advance as is shown in prices of labor and materials. In the chapter on Rate of Return there is reference to this, but the conclusions from such a situation are not well developed.

The study of the whole situation lends the author confidence in his theory that the remedy for utility ills is in public ownership and operation. With this the Commission does not agree, and it may be doubted if the author has made out more of a case for his theory than a pretty clear showing that at this date private ownership under public regulation is on the rocks. So far as electric railways are concerned, such evidence as we have as to public ownership and operation does not seem to justify the claim that the public in the United States can successfully manage such a business. But whatever one's theory as to public utilities, or interest in them, the compilation is almost a library of information on the questions discussed, and the training and large practical experience of the author have been used to good purpose in making it readily accessible.

EDWIN C. GODDARD.

HANDBOOK OF THE LAW OF TRUSTS, by George Gleason Bogert, Professor of Law in the Cornell University College of Law. The Hornbook Series. St. Paul, West Publishing Co., 1921. Pp. xiii, 675.

Dean Bogert has attempted in this volume to "give to practitioners and students a compact summary of the fundamental principles of the American